monopoly still made it impossible for any Joint Stock Bank to issue notes in the London district. It is thus evident that deposit banking was already well founded as a profitable business when Peel, and Parliament behind him, thought that they could sufficiently regulate the country's banking system so long as they controlled the issue of notes by the Bank of England and other note-issuing banks. It is perhaps fortunate that Parliament made this mistake, and so enabled our banking machinery to develop by means of deposit banking, and so to ignore the hard-and-fast regulations laid upon it by Peel's Act. This, at least, is what has happened; only in times of acute crisis have the strict regulations of Peel's Act caused any inconvenience, and when that inconvenience arose the Act has been suspended by the granting of a letter of indemnity from the Treasury to the Governor of the Bank.

Under Peel's Act the present rather anomalous form of the Bank of England's Weekly Return was also laid down. It shows, as all men know, two separate statements; one of the Issue Department and the other of the Banking Department. The Issue Department's statement shows the notes issued as a liability, and on the assets side Government debt and other securities (which are, in fact, also Government securities), amounting to £18,450,000

as allowed by the Act, and a balance of gold. The Banking Department's statement shows capital, " Rest " or reserve fund, and deposits, public and other, among the liabilities, and on the other side